

The Balanced Budget Agreement:



A Major Victory for America

Here's all the budget agreement does:

- Balances the federal budget by 2002
- The federal deficit will decline each year
- Restores Medicare for at least another decade
- Allows families to keep more of their own money
 - * \$500 per child tax credit
 - * Reduces capital gains tax
 - * Reforms the death tax
 - * College tax credit
- No congressionally mandated CPI adjustment
- Includes plan to pay off \$5.3 trillion national debt
- Includes plan to put money back in the Social Security Trust Funds that have been spent over the past 15 years

America: How Far We've Come

Note: Deficits in 1997 Are Much Lower Than We Even Dared to Dream

	1996	1997	1998	1999	2000	2001	2002
May 1995 Projected Deficits*	-154	-174	-139	-131	-108	-55	+1
May 1997 Projected Deficits**	-107 (Actual)	-67 (Projected)	-90	-89	-83	-53	+1

* FY 1996 House-passed Budget Resolution

** FY 1998 Budget Resolution (Committee)

In 1995, the Congress Curtailed Spending Growth

That Meant:

Less Washington Borrowing

That Meant:

More Money Available in the Private Sector

That Meant:

Lower Interest Rates

That Meant:

People Bought More Homes, Cars, and Other Items

That Meant:

More Jobs Created to Build and Assemble These Products

That Meant:

Fewer People on the Welfare Rolls, More Taxpayers

That Meant:

Much Lower Deficits

The Miracle in Washington, D.C.:

**\$100 Billion in Unexpected Revenue,
But No New Spending**

The Miracle of FY 1997

	<i>Spending, FY 97</i>	<i>Revenues, FY 97</i>
<i>Projected in June 1995:</i> House Budget Resolution	\$1,624 Billion	\$1,451 Billion
<i>Actual in May 1997.*</i>	\$1,622 Billion	\$1,555 Billion
<i>Net:</i>	-\$2 Billion	+\$103 Billion

* Most recent CBO estimate for FY 1997, which ends September 30, 1997.

The Result:

June 1995 Projected FY 97 Deficit: \$174 Billion

May 1997 Actual FY 97 Deficit: \$ 67 Billion

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Rosy Economic Scenario?

Wrong!

The following table compares Congressional Budget Office (CBO) economic assumptions used in 1995 with those used in 1997:

Real Growth in GDP	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>
CBO December 1995	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
CBO March 1997	2.3%	2.1%	2.2%	2.2%	2.2%	2.1%

Consumer Price Index	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>
CBO December 1995	3.1%	3.0%	2.9%	2.9%	2.9%	3.0%
CBO March 1997	2.9%	2.9%	3.0%	3.0%	3.0%	3.0%

Unemployment Rate	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>
CBO December 1995	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CBO March 1997	5.3%	5.6%	5.8%	5.9%	6.0%	6.0%

All numbers in Calendar years. Source: CBO Economic and Budget Outlook, December 1995 Update, p. 13; President's Budget, FY 1997 Analytic Perspectives, p. 9; CBO Analysis of the President's Budgetary Proposals for FY 1998, p. 10.

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